

2007 No. 2134

CORPORATION TAX

The Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2007

<i>Made</i>	- - - -	<i>23rd July 2007</i>
<i>Laid before the House of Commons</i>		<i>24th July 2007</i>
<i>Coming into force</i>	- -	<i>14th August 2007</i>

The Treasury make the following Regulations in exercise of the powers conferred by section 463 of the Income and Corporation Taxes Act 1988(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Friendly Societies (Modification of the Corporation Tax Acts) (Amendment) Regulations 2007 and shall come into force on 14th August 2007.

(2) Subject to paragraph (3), these Regulations have effect for accounting periods beginning on or after 1st January 2007.

(3) Regulation 4 has effect in relation to transactions entered into on or after 6th June 2006.

Amendments to the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005

2. The Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005(b) are amended as follows.

Amendment of regulation 2

3. In regulation 2 (interpretation), omit—

- (a) the definition of “child trust fund business”, and
- (b) the definition of “individual savings account business”.

Omission of regulation 4

4. Omit regulation 4 (modification of section 43F of the Taxes Act).

(a) 1988 c. 1; section 463 was amended by section 50 of the Finance Act 1990 (c. 29), paragraph 10 of Schedule 9 to the Finance (No. 2) Act 1992 (c. 48), section 171(5) of the Finance Act 1996 (c. 8) and article 52(2)(i) of S.I. 2001/3629.
(b) S.I. 2005/2014.

Amendment of regulation 5

5. In regulation 5 (modifications of section 76 of the Taxes Act), omit paragraph (6).

Amendment of regulation 6

6. In regulation 6(2) (modifications of section 431 of the Taxes Act)—
- (a) in the inserted definition of “tax exempt class IV business”, for “class IV” substitute “PHI”, and
 - (b) in the inserted definition of “taxable class IV business”, for “class IV” (in both places) substitute “PHI”.

Insertion of regulation 7A

7. After regulation 7 (meaning of “long-term insurance fund” for a society which does not maintain separate assets) insert—

“Modifications of section 431H of the Taxes Act

7A.—(1) Paragraphs (2) to (4) prescribe modifications of section 431H of the Taxes Act(a) so far as it applies to the life or endowment business carried on by friendly societies.

- (2) For subsection (1) substitute—

“(1) This section applies in relation to a friendly society which carries on two or more of the following—

- (a) life assurance business,
- (b) taxable PHI business,
- (c) tax exempt PHI business, and
- (d) insurance business of any other kind.”

- (3) In subsection (2)—

- (a) omit the word “and” immediately following paragraph (a),
- (b) after paragraph (a) insert—
 - “(aa) taxable PHI business,
 - (ab) tax exempt PHI business, and”, and
- (c) in paragraph (b) for “the” substitute “any”.

- (4) Omit subsections (3) and (4).”

Omission of regulation 8

8. Omit regulation 8 (modification of section 432 of the Taxes Act).

Amendment of regulation 9

- 9.—(1) Regulation 9 (modifications of section 432A of the Taxes Act) is amended as follows.

- (2) In paragraph (1), for “and (4)” substitute “, (4) to (8)”.

- (3) In paragraph (2), in the inserted subsection (1E)—

- (a) for paragraphs (a) to (c) substitute—
 - “(a) gross roll-up business,”, and
- (b) in paragraph (e), for “Class IV” substitute “PHI”.

(a) Section 431H, together with section 431G, was substituted for section 432 by paragraph 4 of Schedule 8 to the Finance Act 2007 (c. 11).

(4) For paragraphs (4) to (8) substitute—

“(4) In subsection (2)(a) for paragraphs (a) to (c) substitute—

- “(a) taxable basic life assurance and general annuity business,
- (b) tax exempt basic life assurance and general annuity business,
- (c) gross roll-up business,
- (d) taxable PHI business, and
- (e) tax exempt PHI business;”.

(5) For subsections (6) to (6C)(b) substitute—

“(6) For the purposes of subsection (5) above, “the relevant fraction”, in relation to taxable basic life assurance and general annuity business, is—

$$\frac{A}{A + B + C + D + E}$$

where—

A is the aggregate of—

- (a) the mean of the opening and closing liabilities of the taxable basic life assurance business (but taking that mean to be nil if it would otherwise be below nil) reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts;

B is the aggregate of—

- (a) the mean of the opening and closing liabilities of the tax exempt basic life assurance business (but taking that mean to be nil if it would otherwise be below nil) reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts;

C is the aggregate of—

- (a) the mean of the opening and closing liabilities of the gross roll-up business (but taking that mean to be nil if it would otherwise be below nil) reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts;

D is the aggregate of—

- (a) the mean of the opening and closing liabilities of the taxable PHI business (but taking that mean to be nil if it would otherwise be below nil) reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts; and

E is the aggregate of—

-
- (a) Section 432A, together with sections 432B, to 432E, was inserted by paragraph 4 of Schedule 6 to the Finance Act 1990 and subsection (2) of that section was substituted by paragraph 13(2) of Schedule 8 to the Finance Act 1995 (c. 4) and amended by section 167(2) of the Finance Act 1996, paragraph 8(4) of Schedule 7 to the Finance Act 2004 (c. 12) and paragraph 13(3) of Schedule 7 to the Finance Act 2007.
 - (b) Subsections (6) to (6C) of section 432A were substituted for subsections (6) to (6AA) of that section by paragraph 13(8) of Schedule 7 to the Finance Act 2007.

- (a) the mean of the opening and closing liabilities of the tax exempt PHI business (but taking that mean to be nil if it would otherwise be below nil) reduced (but not below nil) by the mean of the opening and closing net values of any assets directly referable to that category, and
- (b) the mean of the appropriate parts (that is, the parts relating to that category) of the opening and closing amounts of the free assets amounts.

(6A) For the purposes of subsection (5) above, “the relevant fraction”, in relation to tax exempt basic life assurance and general annuity business, is—

$$\frac{B}{A + B + C + D + E}$$

where *A*, *B*, *C*, *D* and *E* have the same meaning as in subsection (6) above.

(6B) For the purposes of subsection (5) above, “the relevant fraction”, in relation to gross roll-up business, is—

$$\frac{C}{A + B + C + D + E}$$

where *A*, *B*, *C*, *D* and *E* have the same meaning as in subsection (6) above.

(6C) For the purposes of subsection (5) above, “the relevant fraction”, in relation to taxable PHI business, is—

$$\frac{D}{A + B + C + D + E}$$

where *A*, *B*, *C*, *D* and *E* have the same meaning as in subsection (6) above.

(6D) For the purposes of subsection (5) above, “the relevant fraction”, in relation to tax exempt PHI business, is—

$$\frac{E}{A + B + C + D + E}$$

where *A*, *B*, *C*, *D* and *E* have the same meaning as in subsection (6) above.

(6E) But if the denominator found in accordance with subsection (6), (6A), (6B), (6C) or (6D) above is nil, the relevant fraction for the purposes of subsection (5) above in relation to the category of business in question is such fraction as is just and reasonable.”

(7) In subsection (7)(a) for “and (6B)” substitute “, (6B), (6C) and (6D)”.

(8) Omit—

- (a) paragraph (b) of subsection (8)(b) and the word “and” which precedes it;
- (b) subsections (8ZA)(c), (8A) and (8B).”

Insertion of regulation 9A

10. After regulation 9 insert—

“Modification of section 432B of the Taxes Act

-
- (a) Subsection (7) of section 432A was substituted by paragraph 13(4) of Schedule 8 to the Finance Act 1995 and amended by article 5(4) of S.I. 2005/3465 and paragraph 5 of Schedule 8 to the Finance Act 2007.
 - (b) Subsections (8) to (8B) of section 432A were substituted for subsection (8) of that section by article 5(5) of S.I. 2005/3465 and amended by article 5 of S.I. 2006/3270 and paragraph 13(10) of Schedule 7 to the Finance Act 2007.
 - (c) Subsection (8ZA) of section 432A was inserted by article 4(6) of S.I. 2007/1031 and paragraph 13(11) of Schedule 7 to the Finance Act 2007.

9A.—(1) Paragraph (2) prescribes a modification of section 432B of the Taxes Act(a) so far as it applies to life or endowment business carried on by friendly societies.

(2) Omit subsections (5) to (12).”

Amendment of regulation 10

11. In regulation 10(4) (modifications of section 432AA of the Taxes Act), in the substituted paragraphs (d) and (e), for “class IV” substitute “PHI”.

Amendment of regulation 12

12. In regulation 12(2) (modifications of section 432E of the Taxes Act), for “(1)” substitute “(1)(a)”.

Omission of regulation 13

13. Omit regulation 13 (modifications of section 436 of the Taxes Act).

Insertion of regulation 13A

14. Before regulation 14 (modifications of section 437 of the Taxes Act) insert—

“Modifications of section 436A of the Taxes Act

13A.—(1) Paragraph (2) prescribes a modification of section 436A of the Taxes Act(b) so far as it applies to the life or endowment business carried on by non annual return societies other than partnership pension societies.

(2) At the end of subsection (2) add—

“, and

(c) the opening liabilities and the closing liabilities of the society shall be ascertained in accordance with paragraph (b) of the definition of “liabilities” in subsection (2) of section 431(c), and the definition of “closing liabilities” in that subsection shall not apply.”

(3) Paragraph (4) prescribes a modification of section 436A of the Taxes Act so far as it applies to the life or endowment business carried on by partnership pension societies.

(4) At the end add the following subsections—

“(8) Subject to subsection (11) below, subsection (9) below applies where the amount shown in respect of Item 3 of Part I of Schedule 7 to the Friendly Societies (Accounts and Related Provisions) Regulations 1994(d) (“the Item 3 amount”) is a positive amount; and subsection (10) below applies where the Item 3 amount is a negative amount.

(9) The amount of the increase in liabilities to policy holders (that is to say, the excess of the society’s closing liabilities to policy holders over its opening liabilities to policy holders) that is taken into account for the purpose of computing the profits arising to the society from pension business shall be the Item 3 amount.

(10) The amount of the decrease in liabilities to policy holders (that is to say, the excess of the society’s opening liabilities to policy holders over its closing liabilities

(a) Section 432B was relevantly amended by article 6 of S.I. 2005/3465, article 3 of S.I. 2006/1358 and paragraph 16(6) to (12) of Schedule 7 to the Finance Act 2007.

(b) Section 436A was inserted by paragraph 25 of Schedule 7 to the Finance Act 2007.

(c) Section 431(2) was relevantly amended by paragraph 1(2)(b) of Schedule 6 to the Finance Act 1990, paragraph 2(3) of Schedule 9 to the Finance (No. 2) Act 2005 (c. 22) and article 4(2)(e) of S.I. 2006/3270.

(d) S.I. 1994/1983.

to policy holders) that is taken into account for the purpose of computing the profits arising to the society from pension business shall be the Item 3 amount.

(11) Subject to subsection (13) below, in a case where, for any period of account, income or gains arising to a society—

- (a) derive directly or indirectly from a transaction or transactions with a member or members of the society, and
- (b) exceed the amount of the income or gains which would have arisen to the society if any transaction mentioned in paragraph (a) above had been a transaction at arm's length,

the closing liabilities of the society shall be reduced by the amount of the excess; but the opening liabilities for the next following period of account shall not be increased by the like amount.

(12) For the purposes of subsection (11) above a person associated with a member shall be treated as a member; and “associated” shall be construed in accordance with section 783(10)(a).

(13) In any case where—

- (a) there has been a transaction consisting of the disposal of an asset to a friendly society (“the earlier disposal”),
- (b) section 17(1)(a) of the 1992 Act has applied on the earlier disposal,
- (c) the friendly society subsequently makes a disposal of the asset (“the later disposal”), and
- (d) subsection (11) above applies (or would, apart from this subsection, apply) to the later disposal,

any gains accruing to the society on the later disposal shall, for the purposes of subsection (11) above, be reduced by the excess (if any) of the amount treated, by virtue of the application of section 17(1)(a) of the 1992 Act, as the consideration for the earlier disposal over the actual amount of the consideration for the earlier disposal.”

Omission of regulation 15

15. Omit regulation 15 (modification of section 438B of the Taxes Act).

Amendment of regulation 16

16. In regulation 16 (modifications of section 440 of the Taxes Act), after paragraph (2) insert—

“(2A) In subsection (3)(b) after “(d)” insert “, (da)”.”

Amendment of regulation 17

17. For regulation 17 (modification of section 440A(2) of the Taxes Act) substitute—

“Modifications of section 440A of the Taxes Act

17.—(1) Paragraphs (2) and (3) prescribe modifications of section 440A of the Taxes Act(c) so far as it applies to the life or endowment business carried on by friendly societies.

(2) In subsection (2)(a)—

(a) Section 783(10) was amended by paragraph 19 of Schedule 17 to the Finance Act 1995, paragraph 318 of Schedule 1 to the Income Tax (Trade and Other Income) Act 2005 (c. 5) and regulation 98 of S.I. 2005/3229.
(b) Subsection (3) of section 440 was amended by paragraph 31(2) of Schedule 7 to the Finance Act 2007.
(c) Section 440A was substituted for section 440 by paragraph 8 of Schedule 6 to the Finance Act 1990 and relevantly amended by paragraph 6 of Schedule 8 to the Finance Act 1995 and paragraph 32 of Schedule 7 to the Finance Act 2007.

- (a) in sub-paragraph (i) before “basic life assurance” insert “taxable”;
- (b) after sub-paragraph (i) insert—
 - “(ia) tax exempt basic life assurance and general annuity business, or”
- (3) Omit subsection (3).”

Omission of regulations 18 and 20

18. Omit—

- (a) regulation 18 (modifications of section 441 of the Taxes Act), and
- (b) regulation 20 (modification of section 460(2) of the Taxes Act).

Insertion of regulation 20A

19. Before regulation 21 (modification of section 587B of the Taxes Act), insert—

“Modifications of section 502H of the Taxes Act

20A.—(1) Paragraphs (2) and (3) prescribe modifications of section 502H of the Taxes Act(a) so far as it applies to the life or endowment business carried on by friendly societies.

- (2) In subsection (2)(a)—
 - (a) in sub-paragraph (i) before “basic life assurance” insert “taxable”;
 - (b) in sub-paragraph (ii) before “PHI” insert “taxable”.
- (3) In subsection (4)—
 - (a) in paragraph (a) before “basic life assurance” insert “taxable”;
 - (b) in paragraph (b) before “PHI” insert “taxable”.”

Omission of regulation 21

20. Omit regulation 21.

Amendment of regulation 22

21.—(1) Regulation 22 (modifications of section 755A of the Taxes Act) is amended as follows.

- (2) For paragraphs (3) to (7) substitute—
 - “(3) In subsection (4)(b) after “gross roll-up business” insert “, or tax exempt basic life assurance and general annuity business,”.
 - (4) In subsection (4A) before “basic life assurance” insert “taxable”.
 - (5) In subsection (6)(c) after “gross roll-up business” insert “or tax exempt basic life assurance and general annuity business”.
 - (6) In subsection (11) before “BLAGAB” insert “taxable”.”
- (3) For paragraph (9) substitute—
 - “(9) In subsection (13)(a) before “basic life assurance” insert “taxable”.”

Amendment of regulation 23

22.—(1) Regulation 23 (modifications of section 804B of the Taxes Act) is amended as follows.

(a) Section 502H was inserted by paragraph 11 of Schedule 8 to the Finance Act 2006 (c. 25).
 (b) Section 755A was inserted by paragraph 13 of Schedule 17 to the Finance Act 1998 (c. 36) and relevantly amended by paragraph 13(9) of Schedule 33 to the Finance Act 2003 (c. 14), article 8(a) of S.I. 2006/3270 and paragraph 47 of Schedule 7, and paragraph 10 of Schedule 8, to the Finance Act 2007.

(2) In paragraph (3)(b), in substituted paragraph (b), for “class IV” substitute “PHI”.

(3) Omit paragraphs (4) and (5)

Omission of regulation 25

23. Omit regulation 25 (modification of paragraph 5 of Schedule 19AA to the Taxes Act).

Amendment of regulation 30

24. In regulation 30(3) (modifications of section 83A of the Finance Act 1989 – non-annual return societies), for “(3) and (4)” substitute “(3) to (4)(a)”.

Amendment of regulation 32

25. For regulation 32 (modification of section 88(3A) of the Finance Act 1989) substitute—

“Modifications of section 88 of the Finance Act 1989

32.—(1) Paragraph (2) prescribes a modification of section 88(3A)(a) and (3B) of the Finance Act 1989(b) so far as they apply to the life or endowment business carried on by friendly societies.

(2) Before “basic life assurance”, wherever those words occur, insert “taxable”.

Omission of regulation 34

26. Omit regulation 34 (modification of paragraph 17 of Schedule 7 to the Finance Act 1991).

Insertion of regulation 34A

27. Before regulation 35 (modifications of section 210B of the 1992 Act) insert—

“Modification of section 210A of the 1992 Act

34A.—(1) In the case of a friendly society, section 210A of the Taxation of Chargeable Gains Act 1992(c) shall be modified as follows.

(2) In subsection (13), in the definitions of “BLAGAB allowable losses” and “BLAGAB chargeable gains”, before “basic life assurance” insert “taxable”.

Amendment of regulation 37

28. In regulation 37 (modification of section 212 of the 1992 Act), for paragraph (2) substitute—

“(2) In subsection (2)(d) after “gross roll-up business” insert “or tax exempt basic life assurance and general annuity business”.

(a) Section 83A was substituted for section 83 by paragraph 16 of Schedule 8 to the Finance Act 1995 and relevantly amended by Part 5(26) of Schedule 41 to the Finance Act 1996, paragraph 13 of Schedule 9 to the Finance (No. 2) Act 2005, article 9 of S.I. 2006/3270 and paragraph 8(2)(d) of Schedule 10 to the Finance Act 2007.

(b) 1989 c. 26; subsections (3A) and (3B) of section 88 were inserted by paragraph 6(1) of Schedule 33 to the Finance Act 2003 and amended by paragraph 9(2) of Schedule 7 to the Finance Act 2004, paragraph 16 of Schedule 9 to the Finance (No. 2) Act 2005 article 8 of S.I. 2005/3465 and paragraph 58 of Schedule 7 to the Finance Act 2007.

(c) 1992 c. 12; section 210A was inserted by paragraph 14(1) of Schedule 33 to the Finance Act 2003 and relevantly amended by paragraph 9(3) of Schedule 7 to the Finance Act 2004.

(d) Section 212(2) was amended by section 91(2)(b) of the Finance Act 1993 (c. 34), paragraph 9(2) of Schedule 8 to the Finance Act 1995 and paragraph 63 of Schedule 7 to Finance Act 2007.

Amendment of regulation 39

29. Omit regulation 39 (modification of section 214(1) of the 1992 Act).

Insertion of regulation 39A

30. Before regulation 40 (modifications of Schedule 11 to the Finance Act 1996) insert—

“Modification of paragraph 12 of Schedule 9 to the Finance Act 1996

39A.—(1) Paragraph (2) prescribes a modification of paragraph 12 of Schedule 9 to the Finance Act 1996(a) so far as it applies to the life or endowment business carried on by friendly societies.

(2) In sub-paragraph (3) after “(d)” insert “, (da)”.

Amendment of regulation 40

31.—(1) Regulation 40 is amended as follows.

(2) In paragraph (2), for “before “basic life assurance”” substitute “, (2)(a), (7) and (10)(b) before “basic life assurance”, wherever those words occur”.

(3) After paragraph (2) insert—

“(2A) In paragraph 3A(5)(c) before “PHI” insert “taxable” after “(6B)” insert “, (6C), (6D)”.

(4) Omit paragraph (3).

Omission of regulations 41, 42 and 43

32. Omit—

- (a) regulation 41 (modifications of Schedule 11 to the Finance Act 1996 as modified in relation to capital redemption business),
- (b) regulation 42 (modifications of paragraph 18 of Schedule 12 to the Finance Act 1997), and
- (c) regulation 43 (modifications of paragraph 4 of Schedule 6 to the Finance Act 1999).

Insertion of regulation 43A

33. Before regulation 44 (modifications of section 256 of the Capital Allowances Act 2001) insert—

“Modification of section 255 of the Capital Allowances Act 2001

43A.—(1) Paragraph (2) prescribes a modification of section 255 of the Capital Allowances Act 2001(d) so far as it applies to the life or endowment business carried on by friendly societies.

(2) In subsection (1) for “basic life assurance and general annuity business” substitute “taxable basic life assurance and general annuity business, tax exempt basic life assurance and general annuity business”.

(a) Paragraph 12 was relevantly amended by paragraph 66 of Schedule 7 to the Finance Act 2007.
(b) Paragraph 4 was relevantly amended by paragraph 67(4) of Schedule 7 to the Finance Act 2007.
(c) Paragraph 3A was inserted by section 109(8) of the Finance Act 2000 (c. 17) and relevantly amended by article 9 of S.I. 2005/3465 and paragraph 67(3) of Schedule 7 to the Finance Act 2007.
(d) 2001 c. 2; section 255 was relevantly amended by paragraph 69 of Schedule 7 to the Finance Act 2007.

Insertion of regulation 44A

34. After regulation 44 insert—

“Modification of paragraph 29 of Schedule 26 to the Finance Act 2002

44A.—(1) Paragraph (2) prescribes a modification of paragraph 29 of Schedule 26 to the Finance Act 2002^(a) so far as it applies to the life or endowment business carried on by friendly societies.

(2) In sub-paragraph (1) after “(d)” insert “, (da)”.

Frank Roy
Alan Campbell

23rd July 2007

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 2002 c. 23; paragraph 29 was relevantly amended by paragraph 75(3) of Schedule 7 to the Finance Act 2007.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 463 of the Income and Corporation Taxes Act 1988 (c. 1: “ICTA 1988”) provides that the enactments relating to corporation tax apply to the life or endowment business carried on by friendly societies in the same way as they apply to long-term business of insurance companies, subject to such modifications and exceptions as may be prescribed by the Treasury.

These Regulations amend the regulations making such modifications, the Friendly Societies (Modification of the Corporation Tax Acts) Regulations 2005 (S.I. 2005/2014: “the principal Regulations”). The Regulations take into account a number of changes made to the life assurance tax provisions, in particular by the Finance Act 2007 (c. 11: “FA 2007”). One major change is the amalgamation of five categories of business into one category.

Regulation 1 provides for citation, commencement and effect. The power to make retrospective provision is conferred by section 463(4) of ICTA 1988.

Regulation 2 introduces the amendments. The remaining regulations amend the principal Regulations so as to make technical modifications to the enactments relating to corporation tax in consequence of FA 2007, with the exception of regulations 4 and 19 which make amendments in consequence of the Finance Act 2006 (c. 25) and regulation 24 which makes an amendment in consequence of the Finance (No. 2) Act 2005 (c. 22).

Regulation 3 amends regulation 2 of the principal Regulations (interpretation).

Regulations 4 to 23 amend regulations of the principal Regulations which modify provisions of ICTA 1988.

Regulations 24 and 25 amend regulations of the principal Regulations which modify provisions of the Finance Act 1989 (c. 26).

Regulation 26 omits regulation 34 of the principal Regulations (modification of paragraph 17 of Schedule 7 to the Finance Act 1991 (c. 31)).

Regulations 27 to 29 amend regulations of the principal Regulations which modify provisions of the Taxation of Chargeable Gains Act 1992 (c. 12).

Regulations 30, 31 and 32(a) amend regulations of the principal Regulations which modify provisions of the Finance Act 1996 (c. 8).

Regulation 32(b) omits regulation 42 of the principal Regulations (modifications of paragraph 18 of Schedule 12 to the Finance Act 1997 (c. 16)) and regulation 32(c) omits regulation 43 of those Regulations (modifications of paragraph 4 of Schedule 6 to the Finance Act 1999 (c. 16)).

Regulations 33 and 34 insert respectively new regulations 43A and 44A in the principal Regulations (modifications of sections 255 and 256 of the Capital Allowances Act 2001 (c. 23)).

These Regulations, together with the relevant legislation in FA 2007, are part of the outcome of a continuing consultation process. A draft regulatory impact assessment was included as part of a consultation document, “Life Assurance Company Taxation – A Technical Consultative Document”, which was published by Her Majesty’s Revenue and Customs in May 2006. This is available at www.hmrc.gov.uk/consultations.

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